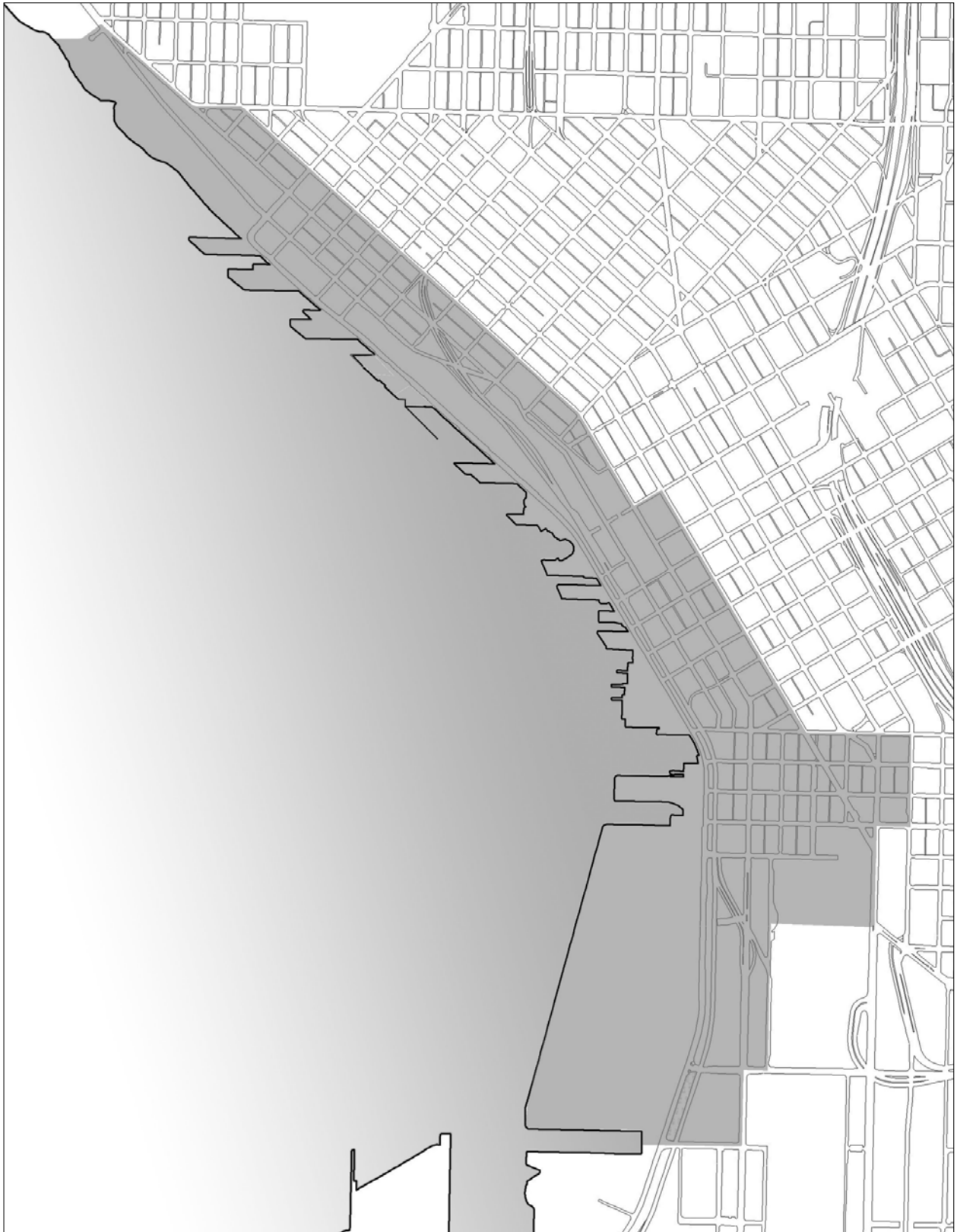


Central Waterfront Plan Background Report

Economic Conditions

*Final Draft
November 2003*

Seattle's Central Waterfront Plan: Study Area



Economic Conditions

Contents

Overview	1
Central Waterfront Economic Activity.....	1
Port of Seattle.....	1
Cargo Handling	1
Cruise Ship Activity	2
Real Estate Development	3
Tourism	5
Development Conditions	6
Ownership	6
Recent Development Activity.....	8
Zoning	12
Development Under Current Zoning	14
Development Capacity	16
Other Constraints and Opportunities	19
Lease Limitations.....	19
Potential Impacts of Major Proposed Projects.....	19
Historic Preservation	20
Development Demand.....	20
Office Market	20
Issues	21
Sources.....	22
Acknowledgements	23

Appendices	25
A. Project List	25
B: Available Development Capacity Under Current Zoning	30

Overview

The Central Waterfront Planning Study Area includes almost 300 acres of parcel area: 146.4 acres are inland east of Alaskan Way and 129.7 acres (including submerged land) are on the shoreline west of Alaskan Way. There are a little over 5,000 housing units and 16.4 million square feet of commercial space in the study area. Of the 5,000 housing units, about 2,700 are in the portion of the study area within Belltown, 1,800 are in the Commercial Core portion, and 500 in Pioneer Square. As of the year 2000, the residential population was 5,774. There is also over 16 million square feet of commercial floor area in the study area, accommodating an employment population of approximately 38,000.

Central Waterfront Economic Activity

The Central Waterfront supports a variety of activities that contribute to the local and regional economy. In addition to its attributes as a natural resource, the shoreline environment is regarded as a unique economic resource that requires protection through regulations to ensure the well-being of industries dependent on a shoreline location. The water environment also accommodates shipping lanes essential to access and the movement of people and goods critical to the operation of an enormously wide range of industries and businesses.

The Central Waterfront study area accommodates a number of activities that play an important part of in the area's economy. These activities are discussed below.

Port of Seattle

Of the 276 acres of parcel area in the Central Waterfront study area, the Port of Seattle owns about 88 acres, making it the largest single land owner in the area. Of the 88 acres under the Port's control, Terminal 46 accounts for approximately 77.5 acres. The Port's use of these properties includes cargo handling, cruise ship operations, and real estate development—all of which contribute to economic activity in the region.

Cargo Handling

The Port of Seattle is the fifth-largest port in the United States as ranked by total dollar value of two-way trade. In 1999, the Port handled more than 14,200,000 metric tons of international cargo worth \$32.2 billion. Seattle's harbor saw a nine percent increase in the volume of cargo containers moving across its docks in 2002, despite a 10-day work stoppage at West Coast ports and a sluggish regional economy. Container volumes reached 1.44 million TEUs, or twenty-foot equivalent units.

The container cargo facility at Terminal 46 is the only Central Waterfront location that contributes to this cargo handling activity. The Port has been focusing investments in container cargo facilities further south of Terminal 46. In 2002 the Port completed a \$300 million expansion at Terminal 18 that added a dockside intermodal rail yard, a dedicated truck overpass, a new truck gate and doubled the size of the facility to 200 acres. A similar expansion project at Terminal 5 was completed in 1998. Combined, these two terminals are estimated to provide sufficient capacity to allow for the growth of container volumes to 3 million TEUs or more without requiring additional land. The high volumes of seaborne containerized cargo that can be handled at high capacity container Terminals 5 and 18 could potentially free up acreage at Terminal 91, and later at Terminal 46, for other uses. Once remaining capacity is exhausted, technological improvements are expected to enhance throughput. The challenge for 2000-2010 is to absorb and effectively utilize new terminal capacity, and to try to grow the container market. Regional cooperation with the Port of Tacoma is identified as a means to enhancing Port operations, with Tacoma having the opportunity to be the bigger port in the future.

The Port's substantial marine-related investments in recent years, coupled with technological and other marketplace changes, have created greater flexibility regarding the Port's use of its properties

Cruise Ship Activity

The Port has greatly developed the passenger cruise ship business in the 1990's. (Figure 1.) However, ultimate demand for homeporting in Seattle is still unknown. The passenger cruise ship industry contributes to the economic vitality of the region and is an important element of regional maritime industry. However, on a relative scale, it is not as attractive as the container business. The cruise ship industry also raises job quality issues; service level jobs versus livable-wage jobs. The cruise ship business is regarded as riskier than container business, since cruise lines do not typically have contracts with of long-term financial commitments to ports.

Year	Total Passengers
Cruise Passengers: 1993 - 2002	
1993	10,820
1994	13,887
1995	9,518
1996	10,398
1997	7,152
1998	8,783
1999	6,615
2000	119,002
2001	170,495
2002	244,905
Cruise Passengers: 2003 (Estimated)	
2003	400,000

*Figure 1. Trends in Cruise Activity
(Source: Port of Seattle Records)*

Currently, Norwegian Cruise Lines, Royal Caribbean International, Holland America, and Princess Cruises homeport in Seattle. Trends in cruise ship activity are presented in Figure 1.

The regional economic impact of the cruise industry in 2002 is estimated to include: more than 900 jobs and \$22 million in personal income; \$42.6 million in business revenue and \$2.95 million in state and local tax revenues. With the addition of new sailings planned of 2003, the number of jobs generated by the cruise industry will rise to approximately 1,500 and business revenues will reach about \$90 million. Local and state tax collections should climb to \$5.7 million.

Currently, the only cruise ship operations in the Central Waterfront study area occur at Pier 66/Bell Street Terminal. Recently, the Port opened an interim cruise ship facility at Terminal 30 to handle increased activity. Accommodating additional cruise ship operations at Terminal 46 has been discussed as a possible future use on that site. A downtown location is viewed as having a competitive advantage as a permanent location; however Pier 48 is too short and too expensive to rebuild, while Terminal 30 is a good location but expected to be in container terminal use.

Prospects of public-private real estate development partnership have been discussed as potentially desirable for future development of a permanent cruise ship facility. Such projects could encompass joint development of cruise terminals, hotel, office and retail developments, and could offset some of the risks associated with development of the cruise business. Incorporating real estate development into cruise terminal siting potentially provides an opportunity to recoup Port investment costs – with the potential for an “ideal” public-private partnership, with the Port providing the land and the private sector providing the capital. Such a venture could provide an opportunity for the Port to take a strong role in working with partners to mitigate the impacts of low-wage jobs associated with the business.¹

Real Estate Development

The Port’s Real Estate Development Group is charged with improving the use of selected Port assets in order to promote regional economic vitality and job creation, while generating revenue for the Port and enhancing the built and natural environment. To revitalize the waterfront and reverse the decline the area had been experiencing since World War II, the Port of Seattle began planning in 1985 to redevelop Port property along the waterfront and to acquire additional property east of Alaskan Way. With nearly 17 acres of contiguous waterfront property under public ownership, this effort at Central Waterfront revitalization resulted in the following developments:

- **Anthony’s Restaurants.** Three levels of service, from fast food to fine dining, all specializing in fresh seafood.
- **Bell Harbor International Conference Center.** Offering built-in simultaneous interpretation capabilities, meeting rooms and state-of-the-art audio-visual services.

¹ Harbor Development Strategy 21, Port of Seattle, June 26, 2001

- **Bell Harbor Marina.** Providing short-stay moorage for vessels, with easy access to downtown, shopping and sports stadiums.
- **Bell Street Pier Cruise Terminal.** Providing a comfortable and attractive passenger terminal with 1,900 feet of pier apron for cruise ships.
- **Marriott Waterfront Hotel.** The 358-room, eight-story hotel is the second hotel on the downtown waterfront.
- **Odyssey Maritime Discover Center.** Providing interactive exhibits to inform visitors about the intricacies and importance of today's maritime industry.
- **Public Plazas.** A rooftop plaza on the main building with sky bridge crossing Alaskan Way, and a pier-level plaza with an interactive children's fountain and street access to Pike Place Market via the Lenora Street pedestrian elevator and bridge.
- **World Trade Center offices.** Serving organizations that develop and facilitate international trade, and housing trade-related non-profit organizations.
- **Waterfront Landings condominiums.** Just south of Lenora Street, providing 240 homes facing Elliott Bay.

Other Port holdings on the Central Waterfront include Pier 48 and Terminal 46.

- **Pier 48.** While mostly vacant, Pier 48 does currently provide berthing for trawlers and other large vessels. With its proximity and excellent access to the south end of downtown, the site may offer potential for new uses. The Port and Washington State Ferries are jointly investigating a renovated and reconfigured ferry terminal at Colman Dock that may incorporate or replace Pier 48, reviving an earlier effort stalled due to lack of funding.
- **Terminal 46.** A container cargo terminal leased and operated by Total Terminals International (TTI), Terminal 46 serves Hanjin and Senator shipping lines. Hanjin, the Port's largest customer, occupies 70 acres of the terminal. Planning for the replacement of the Alaskan Way Viaduct has prompted the Port to consider the long-term use of this site. With sufficient container cargo capacity at Terminals 5 and 18, and the site's operations increasingly affected by new urban development to the east, T-46 will likely shift uses at the end of TTI's lease term.

Tourism

The contribution to the regional economy attributable to tourism activity occurring in the Central Waterfront is difficult to quantify. However, the area provides a major attraction for both local and out of town visitors. Also, the Colman Dock Ferry Terminal, Pier 66 cruise ship terminal, and Pier 69 Victoria Clipper landing are all entry points for visitors to the city.

The influx of commuters and tourists, as well as the potential for other local visitors to the Central Waterfront for business or recreation purposes, provides the prime source of market demand for commercial development on available waterfront sites. During 2002, the average number of ferry passengers at Colman dock per day was 27,510. A market study conducted for the Waterfront South project in 1997 concluded that, given the commuter and tourist passenger traffic at Colman Dock and other favorable characteristics, such as proximity to Pioneer Square and Downtown Seattle, the area between Pier 54 and Terminal 46 had the potential to support a number of different development types and uses, including hotel, retail, urban entertainment centers, restaurants and office space. Furthermore, new development or redevelopment in the first two or three blocks east of Alaskan Way could be stimulated by a critical massing of additional use at the waterfront.² Realizing the potential for this type of development is contingent on the ability to accommodate their functional requirements and to lift or neutralize such restraints as high cost infrastructure improvements, regulatory restrictions and parking and access constraints.

The market study for Waterfront South investigated potential development demand ranging from a conservative 289,000 – 330,000 square feet for retail, recreation, restaurant and office use to an aggressive 1,115,000 – 1,625,000 square feet for hotel, retail, urban entertainment center, recreation, restaurant, and office use. The higher growth scenarios assume that regulatory changes would be made to allow hotel and more intensive retail development where it is currently prohibited.

Other uses in the study area attracting large numbers of visitors include the Seattle Aquarium (590,453 visitors annually) and the Odyssey, Maritime Discovery Center (40,000 visitors annually). Near the south end of the study area, Safeco Field has an annual attendance of 3,150,000 spectators over 81 events, and, based on 2002 home games, Seahawks Stadium draws 800,000 spectators over 10 events. At the Exhibition Center, an annual attendance of 750,000 is anticipated over 65 events.³

² February 1997, Waterfront South, South Downtown Waterfront Master Development Plan, by Hewitt-Isley for Washington State Ferries; City of Seattle; Port of Seattle; and King County.

³ Downtown Seattle Association and First and Goal, Inc.

Development Conditions

Ownership

The Central Waterfront Planning Study Area includes about 437 acres. Out of this amount, about 161 acres, or 37% of the total area, is public right-of-way. There are 276 acres of parcel area, with 146.4 acres east of Alaskan Way and 129.7 acres (including submerged land) along the shoreline west of Alaskan Way. The locations of major property owners are shown in Figure 3 on the opposite page.

Figure 2 presents the amount of land owned by major public and private property owners in the area. Almost 70% of the area within the boundaries of the planning area is under some form of public ownership. Public rights-of-way account for the greatest amount of land under public ownership (37%), with Port properties following at 20%. Outside of the public rights-of-way, the greatest concentration of properties under public ownership is along the shoreline west of Alaskan Way.

Several private property owners have holdings of over two acres. Concentrations of properties under single private ownership are mostly at the northern and southern ends of the study area. A significant amount of the privately owned land is under condominium ownership, with properties of varying size distributed throughout the study area. Figure 4 more specifically identifies the ownership of shoreline properties.

Property Owner	Area	Percent of Total Study Area
Public Ownership		
Public rights-of-way	161.0 acres	37.0%
Port of Seattle	88.0 acres	20.0%
State of Washington	19.8 acres	4.5%
City of Seattle	10.6 acres	2.4%
King County	6.4 acres	1.5%
Pike Place Market PDA	2.9 acres	0.7%
Seattle Art Museum	8.7 acres	2.0%
Federal Government	3.2 acres	0.7%
Housing non-profits (combined)	3.4 acres	0.8%
Sub total public ownership:	304.0 acres	69.6%
Private Ownership, Major Property Owners		
MSI	9.2 acres	2.1%
Railroad right-of-way and properties	9.0 acres	2.1%
Triad	4.1 acres	0.9%
Samis	2.4 acres	0.5%
Sabey	2.3 acres	0.5%
Harbor Properties	1.3 acres	0.3%
Total properties under condominium ownership	18.3 acres	4.2%
Subtotal private ownership:	46.6 acres	10.6%

Figure 2. Major Property Owners (Source: DCLU, County Assessors Data)

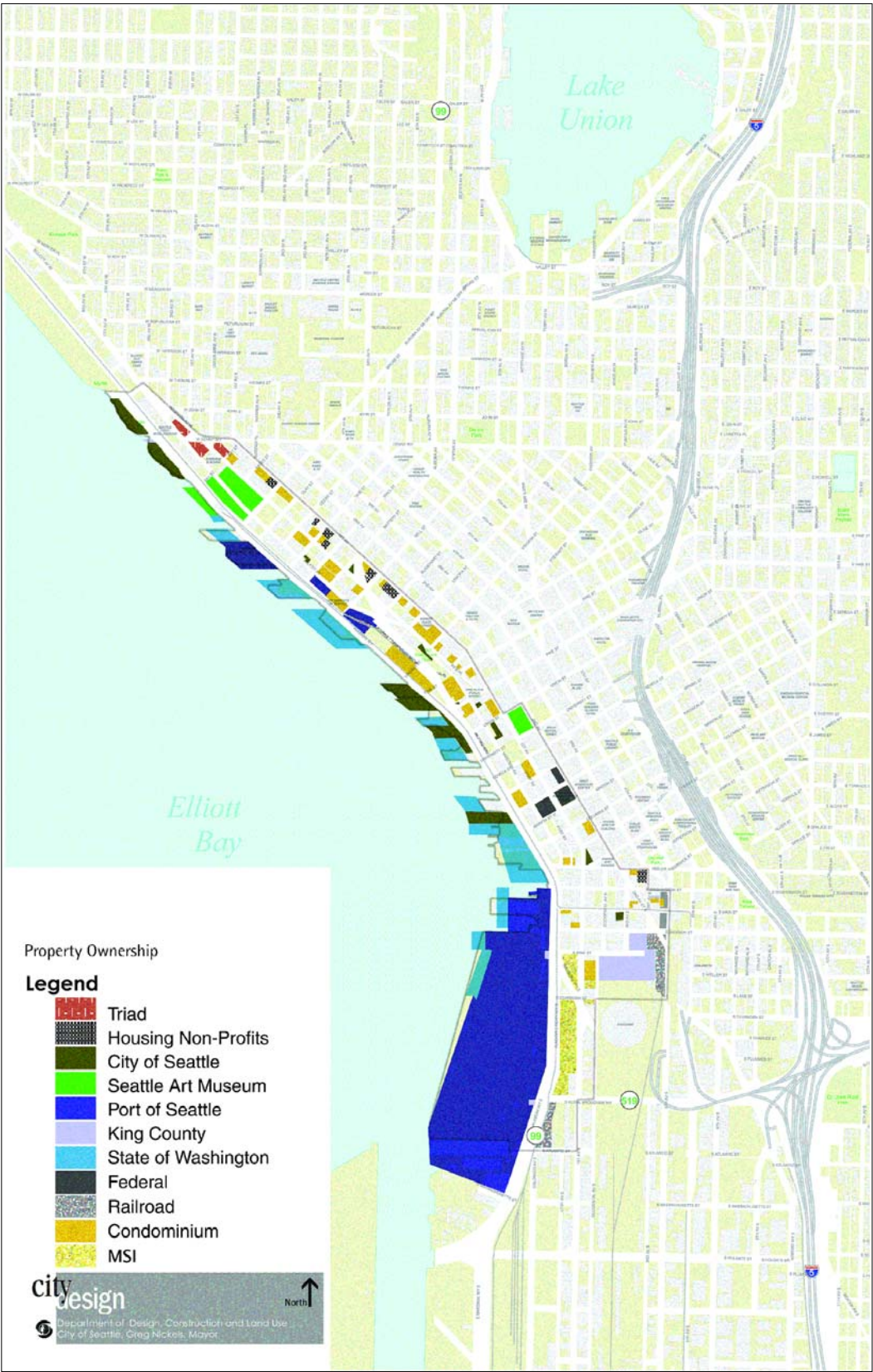


Figure 3. Property Ownership

Location	Owner	Area (acres)
Terminal 46	Port of Seattle/Washington State	Port: 78.00 State: 3.85 (portion north of S. Atlantic St.)
Pier 48	Port of Seattle/Washington State	Port: 5.1 State: 1.2
Washington Street Boat Landing	City of Seattle	NA
Pier 52 (Colman Dock)	Washington State Ferries	5.4
Fire Station #5	City of Seattle	0.4
Pier 54	Private/Washington State	Private: 0.95 State: 0.30
Pier 55/Pier 56	Private	2.2
Pier 57	Private/Washington State DNR	Private: 0.4 DNR: Included with Waterfront Park
Waterfront Park (Piers 57 – 58 areas)	City of Seattle/Washington State DNR	City: 1.4 DNR: 1.2
Seattle Aquarium (Piers 59 – 61)	City of Seattle/Washington State DNR	City: 0.42 DNR: 1.20
Piers 62/63:	City of Seattle	1.75
Pier 66	State of Washington/Port of Seattle	2.3
Pier 67	Private/Washington State	Private: 0.13 State: 2.50
Pier 69	Port of Seattle	2.9
Pier 70	Private/Washington State	Private: 0.50 State: 1.05
Myrtle Edwards Park	City of Seattle	4.1 acres
TOTAL		Private: 4.2 acres City: 8.1 acres State: 19.0 acres Port: 86.0 acres Total: 117.3 acres

Figure 4. Shoreline Properties

Recent Development Activity

The Central Waterfront study area has experienced a substantial amount of development activity in recent years, particularly at the northern end. Appendix A at the end of this section includes a list of the projects developed in the area since 1985, and Figure 5 identifies the location of recent development activity.

Change has been most significant in the Belltown portion of the study area, where new projects have been built on almost every block, and shoreline properties have undergone extensive renovations. Residential construction has been especially brisk over the last decade, and altogether over 2,600 new units have been added in the 26 projects built since 1985. Most residential projects also include a limited amount of retail space. There are two commercial projects that account for the addition of over 320,000 square feet of office space in the area. Along the shoreline, major renovations were undertaken at Pier 69 by the Port of Seattle to accommodate their administrative headquarters; at Pier 70 to expand retail space and add 39,500 square feet of office space; and at Pier 67 to upgrade the Edgewater Inn. The Seattle Art Museum will also redevelop almost 8 acres of vacant land for the proposed Olympic Sculpture Park at the northern tip of Belltown.

The area just to the south, including Pier 66 and the upland area immediately east of Alaskan Way, has essentially been rebuilt since the late 1990's, adding a 358 room Marriott Hotel, 235 housing units in three residential structures, over 300,000 square feet of office space, and a 47,000 square foot conference center, 30,000 square foot maritime museum, cruise ship terminal, public marina, and approximately 20,000 square feet of restaurant/retail space and amenities at Bell Street Pier.

Another active portion of the study area is part of the Commercial Core between the Pike Place Market and Pioneer Square. Recent development here has been more mixed than in Belltown in terms of project types and uses accommodated. In the early 1980's, Cornerstone Development revitalized a six block area between Alaskan Way and 1st Avenue from Seneca Street to Madison Street, combining both new construction and the renovation of several existing landmark buildings. Soon afterwards, Immunex occupied renovated warehouse space, including the landmark Olympic Cold Storage Building, on Western Avenue between University and Seneca Streets.

More recently, significant development projects in the area have included:

- **The 2nd and Seneca Building.** More characteristic of development further east in the office core; completed in 1991 and adding almost 400,000 square feet of office space.
- **The Four-Phase Harbor Steps Development.** Between 1994 to 2000 introduced almost 600 housing units and retail space on both sides of a public stairway developed in the University Street right-of-way.
- **The Millennium Tower at 2nd Avenue and Columbia Street.** A mixed-use project with over 181,000 square feet of office space and 20 residential units completed in 2000.



Figure 5. Recent Development Activity

A number of renovations have also been completed recently, including the Turner and Pease and Commuter Buildings, combined to create 55,000 square feet of office and retail space, and the Polson Building, with 88,000 square feet of office space and 12,688 square feet of retail space. A proposed project, Colman Tower, at 810 Western Avenue would add another 168,000 square feet of office and retail space to the area. Shoreline development activity in this part of the study area includes the renovation of Pier 56 to include an expanded restaurant and 37,000 square feet of office space on the pier's second level.

At the far southern end, the most significant development activity has occurred on the edges of the study area, including the construction of Safeco Field (1999) and Seahawks Stadium (2002), the 310,000 square foot King Street Center, and the addition of over a million square feet of office space in the Union Station/Opus Center development (1999-2001). Other development within the study area includes scattered housing projects and renovations involving approximately 366 units and a limited number of commercial projects, including the renovation of several Samis properties. Other significant office projects have been proposed in the southern portion of the study area, including:

- **505 1st Avenue (83 S. King St.).** A proposal by Martin Smith Real Estate for approximately 200,000 square feet of high-tech office space in a 5-story building.
- **801 1st Avenue (WOSCA).** A proposal by Martin Smith Real Estate for a 1 million square foot office and retail complex.

Zoning

Zones within the Central Waterfront planning area are shown in Figure 6 and include:

- Downtown Harborfront 1 (DH1)
- Downtown Harborfront 2 (DH2)
- Downtown Mixed Residential (DMR)
- Downtown Mixed Commercial (DMC)
- Pike Market Mixed (PMM)
- Pioneer Square Mixed (PSM)
- Industrial Commercial (IC)
- General Industrial-1 (IG-1)
- General Industrial-2 (IG-2)
- Commercial 2 (C2)

The zoning influences the location of future development and the types and intensity of uses likely to occur. The extent to which zoning dictates which uses will develop in an area varies by zone type. For some zones, like the Downtown Mixed Commercial (DMC) zone, provisions generally accommodate both residential and non-residential uses to the same degree, leaving the market to determine which use will be built on any given site. Other zones, like the Downtown Mixed Residential (DMR) zone, have provisions that more strongly promote a preferred use; while many uses are permitted in this zone, only residential use can be provided to the maximum limits allowed.

Other areas are subject to additional provisions that further define the type of development that can occur. These provisions act to influence market forces to promote certain public purposes, like historic preservation or maintaining waterfront properties for water dependent industries. Often, they are intended to protect existing conditions. Examples of where such zoning applies in the study area include:

- 1) Zones in shoreline environments that allow water dependent or water-related uses, and restrict or prohibit other uses.
- 2) Zones in the Pioneer Square Preservation District and Pike Place Market Historical District that have specific controls and uses and development standards to promote the historic character of these areas.
- 3) Special overlay areas, such as Stadium Transition Area Overlay District, where certain uses or conditions otherwise allowed in the base zoning are modified to achieve specific development objectives—in this case creating an improved pedestrian environment in an industrial area where, generally, this would not be otherwise be promoted by the zoning.

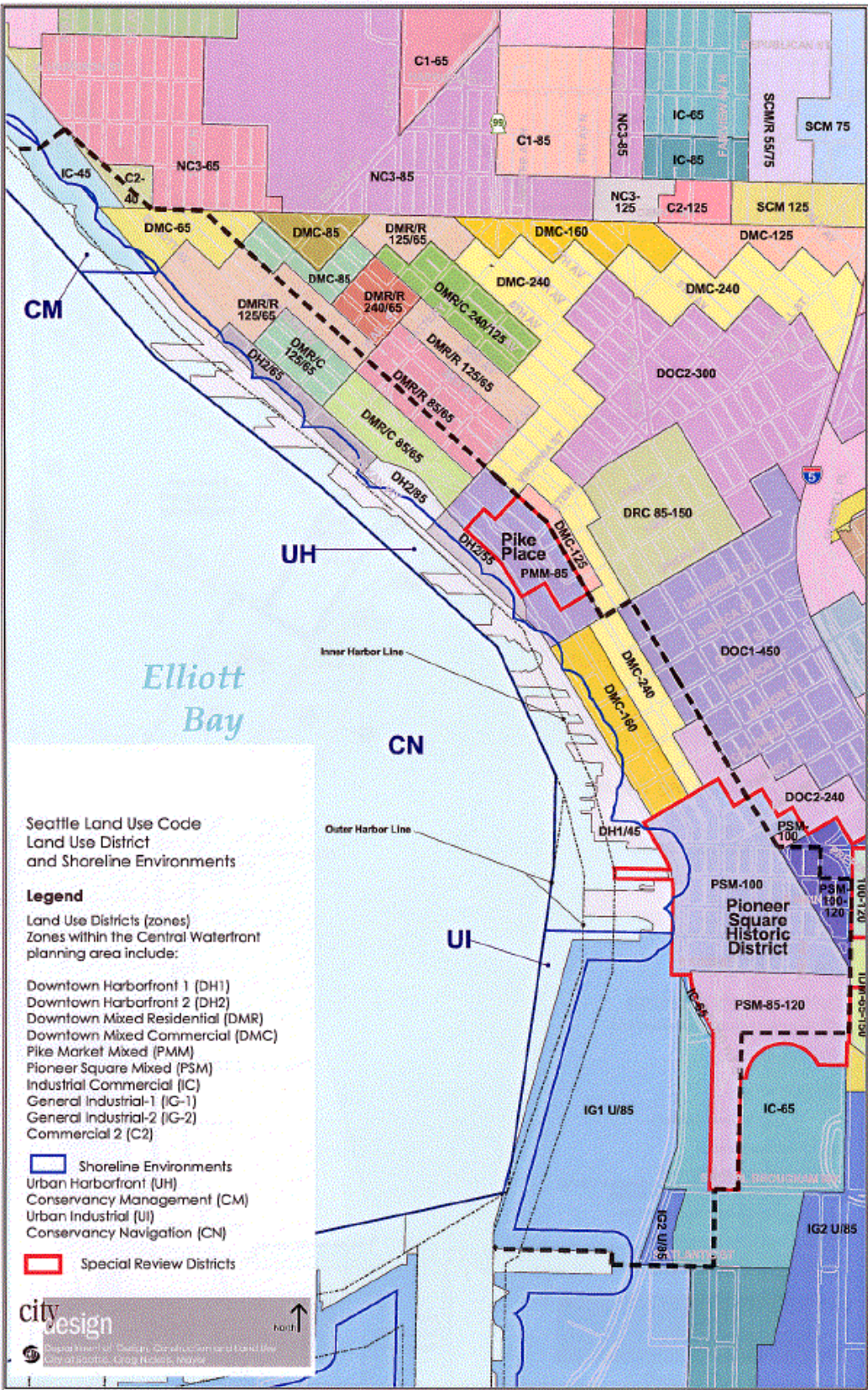


Figure 6. Land Use Districts and Shoreline Environments

Figure 7 illustrates the degree to which permitted uses and development conditions are controlled in the various zones of the Central Waterfront planning study area. The range is in descending order from most restrictive to least restrictive.

Influence of Zoning on Development Options	Zones
Most restrictive; development must be approved by State agencies	DH1 area between inner and outer Harbor Line
Limited range of uses allowed; limits on size of uses; numerous provisions dictating permitted development envelope; provisions of base zoning and shoreline overlay must be addressed; zoning changes require review and approval by both City and State agencies.	DH1, IG1, IC with shoreline overlay
Site specific control of uses; prescriptive development envelope for individual projects; projects subject to special board review	PMM
Wide range of uses allowed; development envelope prescribed for individual projects; projects subject to special board review	PSM
Limited range of uses allowed, housing prohibited; maximum floor area and size limits apply to certain uses; flexible development envelope primarily only constrained by height limit and FAR density limit; no design review.	IC, IG-1
Limited range of uses allowed, housing prohibited; maximum floor area limits apply to certain uses; flexible development envelope constrained by height limit and FAR density limit; special overlay provides for more flexibility regarding range and size of uses permitted; only projects exceeding width thresholds subject to design review.	IC base zone with Stadium Transition Area Overlay
Wide range of uses allowed, but maximum development potential reserved for residential use; prescriptive building envelope uniformly applied to development exceeding specified height thresholds; projects generally subject to standard design review process	DMR/R, DMR/C
Wide range of uses allowed; moderate limitations on building envelope uniformly applied to development exceeding specified height thresholds; commercial uses subject to FAR density limit; projects generally subject to standard design review process.	DOC 2, DMC 240, DMC 160, DH2*

*Residential use also subject to FAR limit

Figure 7. Influence of Zoning

Development Under Current Zoning

While the current zoning in the study area allows for a variety of development options, some observations can be made from recent development activity about typical market responses.

- **DMC**

Commercial Core. In the early 1980's, development activity in this zone within the study area included the renovation of several existing structures, primarily for commercial uses, and new construction of mixed use projects in Cornerstone's Waterfront Center. The weak office market Downtown in the early 1990's brought major new residential construction-the most significant project being Harbor Steps.

Since then, other existing commercial structures have been renovated for office and retail use, including the Commuter Building and the Polson Building. Projects currently proposed in this zone include an office building (Colman Tower) and a mixed hotel/residential structure at the Warshall's site.

- **DMR (DMR/R, DMR/C)**

Belltown. The portion of the study area zoned DMR has been one of the most active areas for residential development in Downtown, with over 2,500 units in 25 residential projects built since 1985. In addition to zoning provisions that favor residential use over other types of development, sites here have views of Elliott Bay, increasing their attractiveness for housing. Height limits range from 65 feet up to 125 feet, generally stepping up moving inland, and most east/west streets are designated as view corridors with requirements for upper level setbacks. The Olympic Sculpture Park will be developed on about 7 acres at the northern tip of the DMR zone. While a number of residential projects are still in the planning stages, sites remaining for future development are increasingly limited.

- **DH 1**

The most significant development activity in this zone has been the redevelopment of Pier 66 into the Bell Street Terminal, with cruise ship facilities, a conference center, public moorage, restaurant/retail uses, and a maritime museum. Further north, the Port has redeveloped Pier 69 to accommodate their administrative headquarters and the landing for the Victoria Clipper. Other recent development in the DH1 zone has involved the renovation of existing pier structures (Piers 56 and 70) to expand retail area on the lower level and add office space above. Proposed projects include the expansion of the Washington State Ferry Terminal at Colman Dock and expansion and reconfiguration of the Aquarium that will affect the area between and including Waterfront Park and Piers 62/63. Shoreline regulations have a major influence on the range of uses and type of development occurring in the zone.

- **DH 2**

Most of the available sites in this zone have been recently developed as part of the disposition of several of the Port's waterfront properties. This development has included a full range of uses—housing, office and hotel -- with major projects including the World Trade Center, Marriott Hotel, and Waterfront Landings condominiums. Further north, in Belltown, the Port has developed a parking garage that also includes space occupied by the Seattle Art Institute. Renovation of the Skyway Luggage building was being considered; initially for office use, but more recently for housing or hotel use. Height limits in the zone range from 55 feet to 85 feet, and this is the only downtown zone with a FAR density limit that applies to residential use.

- **PMM**

Development in this zone is largely guided by the Pike Place Market Urban Renewal Plan. Most recent activity has been related to mixed use and housing, including Market Place North Tower, Ross Manor and Post Alley Court. Few development sites remain.

- **PSM**

The Pioneer Square Mixed zone complements the Pioneer Square Preservation District, where regulations and a review board guide development to maintain compatibility with the existing historic character of the area. New development in the area has been limited, and includes the Butler Block parking garage, King Street Center (King County offices), and the Olympic Block mixed use development. Other development activity in the study area has primarily involved the rehabilitation of existing structures to accommodate a mix of uses, including the Best Western Hotel, Denny/Terry Building, Waterfall Place, and the Florentine.

- **IC**

Except for the northernmost tip of the Study Area between Denny Way and W. Thomas Street, the IC zone applies to areas south and west of the Pioneer Square Special Review District. Prior to 2000, the area was designated IG2 U/85, and was rezoned at that time to IC 65 to provide base zoning more compatible with the development objectives of the Stadium Transition Area Overlay District. Within the study area, the zone is occupied by Seahawk Stadium, Safeco Field and the Exhibition Hall. Occupying most of the IC zone west of Pioneer Square is the WOSCA site, a major redevelopment site where up to a million square feet of office space has been proposed. Between Royal Brougham and S. Atlantic Street, the zone is occupied by the Pyramid Ale House and surface parking lots. Residential development is prohibited in the area.

- **IG-1/IG 2**

The IG 1 zone applies to Terminal 46, a Port operated ship container cargo facility. A small area just east of Alaskan Way between Royal Brougham and S. Atlantic Street is zoned IG 2. Land in the IG2 zone is vacant, and most of it owned by the Union Pacific Railroad. These industrial zones prohibit housing and hotel use, and there has been little recent development activity.

Development Capacity

To provide an estimate of the amount of growth that can be accommodated in an area under its current zoning, the City conducts a development capacity analysis. Using assumptions regarding the probability that a site will redevelop in the future and the type and density of development most likely to occur under applicable zoning, the analysis provides a general idea of where change will occur and the number of new housing units and/or jobs to expect. Prototypes can also be developed to illustrate the form that new development will likely take.

The nature of ownership and zoning of shoreline properties make it difficult to assess redevelopment potential in this part of the study area. The City's methodology for calculating redevelopment capacity basically assumes no redevelopment potential on shoreline properties under current conditions, primarily because publicly owned parcels are excluded and redevelopment of industrial zoned properties is less likely to occur than in other zones because of restrictions on the permitted intensity of development. In reality, however, reuse of existing pier structures and additional development on large, publicly owned properties, such as Terminal 46, are a possibility not accounted for by the City's analysis. Available capacity estimated for the study area, by zone, is provided in Appendix B.

According to the City's capacity analysis, under current zoning, the total area of parcels likely to be available for redevelopment in inland areas is about 33 acres -- approximately 22 percent of the total parcel area within the study area east of Alaskan Way. It is estimated that these parcels could accommodate an additional 2,455 housing units and about three million square feet of commercial space, or approximately 12,000 more jobs. (Figure 8.)

- **Residential Capacity**

Not surprisingly, most of the capacity for 2,455 additional housing is in Belltown -- approximately 1,350 units, or 55 percent of the total capacity for new housing. Pioneer Square is estimated to have capacity for an additional 900 units, while land identified as potentially available in the Commercial Core would accommodate less than 200 units.

- **Employment Capacity**

Under current zoning, the greatest amount of employment growth could be accommodated in the southern portion of the study area. Commercial development on land identified as potentially available in Pioneer Square and the Duwamish Manufacturing/Industrial Center could accommodate approximately 6,800 jobs. Available land in the Commercial Core could accommodate about 3,200 jobs, while about 1,900 jobs could be accommodated in Belltown given the remaining capacity under current zoning.

Graphic to come

*Figure 8. Potential Housing and Job Growth Under Current Zoning
Within the Waterfront Study Area*

Other Constraints and Opportunities

Lease Limitations

Any use of land beyond the shoreline controlled by the state's Department of Natural Resources is subject to lease limitations. These shorter term leases are considered relatively unattractive for larger scale private development, and therefore limit uses in these areas to public amenities or smaller, short-term commercial ventures.

Potential Impacts of Major Proposed Projects

The following major projects proposed in the study area will likely influence the redevelopment potential of adjacent sites:

- **Alaskan Way Viaduct**

Depending the alternative selected, the removal of the Alaskan Way Viaduct could significantly benefit adjacent properties, especially those east of Alaskan Way. Conditions would be enhanced for structures and potential development sites currently facing the Viaduct, including improved views and the reduction of noise and other negative impacts associated with the existing structure.

- **Olympic Sculpture Park**

Development of the Olympic Sculpture Park will provide a major amenity in the northern end of the study area which could be attractive to further residential development. However, given the recent wave of projects in the area, development sites are limited. Visitors to the Park may also patronize businesses located in the area.

- **Seattle Aquarium**

Like the Sculpture Park, a new and expanded Aquarium would likely increase the volume of tourists attracted to the area, which should have secondary benefits for nearby businesses.

- **Terminal 46**

While there has been no specific plan for a change of use on Terminal 46, the size of the site and improved access resulting from the Alaskan Way Viaduct project would have a substantial impact on the surrounding area should it become available for redevelopment. The nature and magnitude of the impact could vary significantly depending on the types of activity ultimately accommodated there.

- **Washington State Ferry Terminal**

As a major generator of pedestrian activity in the area, future plans for the expansion of the Colman Dock Terminal will have implications on the area's overall accessibility, which could enhance conditions for businesses relying on foot traffic.

Historic Preservation

The Central Waterfront has a significant share of the Downtown area's historic resources. Of the 71 designated Seattle Landmarks sites Downtown, 24 are located in the Central Waterfront study area, along with two National Register sites. A chart listing individual Landmark structures is included in the Land Use: Functions and Activities section of the background report. Furthermore, the Pike Place Market Historical District and portions of the Pioneer Square Historic District within the study area account for 52.5 acres, or 19 percent of the study area's total parcel area.

These landmarks structures and districts represent a significant economic resource. In addition to being vital commercial areas, Pioneer Square and the Pike Place Market are major tourist attractions, drawing visitors to Downtown and the region. Individual landmark structures have also contributed to the special character of Belltown and the West Edge of the Commercial Core, which has been key to the revitalization of these areas.

Measures to protect historic districts and landmark structures will likely ensure that these resources will not be replaced by new development. However, adaptive re-use and rehabilitation of structures could result in more intensive use of these resources, and infill development would be expected to occur on available sites in historic districts. These resources will continue to provide an amenity, helping to promote the overall livability and economic vitality of surrounding areas. In some locations where the Alaskan Way Viaduct has had a negative impact on landmark structures and development in historic districts, the removal of the Viaduct could provide the economic incentive to better utilize these resources to more fully realize their economic potential.

Development Demand

Office Market

Over the years between 1999 and 2002, Pioneer Square and the portion of the Central Waterfront west of Elliott Avenue to Blanchard Street and the Alaskan Way Viaduct south of Blanchard Street have had the highest vacancy rates within Downtown. Vacancy rates in the waterfront area have ranged from a low of below 3 percent in 1999 to a high over 21 percent in 2002.⁴ Figure 9 illustrates the relative changes in office rents in waterfront areas over the last economic growth cycle.

Submarket	Predominant Zone	1997	1998	1999	2000	4 th Quarter 2002
Seattle CBD	DOC1/450 & DOC2/240 & DOC2/300	\$26.00	\$30.00	\$36.00	\$40.00	
Waterfront	DMC/160/240	\$18.75	\$28.00	\$30.00	\$30.00	
Belltown	DMR/C	\$24.00	\$28.50	\$32.00	\$34.00	

Figure 9. Historical Rental Rates Class A space⁵

⁴ Colliers International

⁵ Ibid.

Issues

To be developed

Sources

June 2001, *Harbor Development Strategy 21*, Port of Seattle.

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Appendices

A. Project List

RECENT DEVELOPMENT <i>(Projects completed between 1985-2003 or now under construction)</i>	KNOWN PROJECTS <i>(Permit application filed)</i>	POTENTIAL OR RUMORED PROJECTS
SHORELINE AREA		
Commercial Projects		
Bell Street Pier public access and amenities, retail, restaurants (1996)		Terminal 46 redevelopment (uses undetermined)
Pier 70 Triad renovations and expansion— 26,724 sq. ft. restaurant, 39,500 sq. f. office, 135 parking spaces, moorage dock.(2000)		
Pier 56 expansion and renovation; 21,000 sq. ft. ground level retail, 37,000 sq. ft. office space on 2 nd level (1998)		
Residential Projects		
Prohibited use in shoreline areas		
Other		
Port of Seattle's Pier 69 headquarters (1993)		
Bell Harbor International Conference Center 47,000 sq. ft. conference center (1996)	Olympic Sculpture Park	
Bell Street Cruise Ship Terminal at Pier 66 (2000)	Washington State Ferry Terminal expansion	
Odyssey, Maritime Discovery Center; 30,000 sq. ft. maritime museum (1998)	Aquarium; expansion of existing 68,000 sq. ft. facility to 200,000 sq. ft.	
COMMERCIAL CORE		
Commercial Projects		
2 nd and Seneca Building office	810 Western Avenue (Colman Tower), a 10-story, 168,000 square foot office and retail building.	1 st and Pike Building 103 Pike St.; 77 rooms

RECENT DEVELOPMENT <i>(Projects completed between 1985-2003 or now under construction)</i>	KNOWN PROJECTS <i>(Permit application filed)</i>	POTENTIAL OR RUMORED PROJECTS
Market Place Tower 2025 1 st Ave; mixed office and 7 units residential (1990)	1000 1 st Avenue hotel/residential mixed use project (Warshall's site) 69 hotel rooms, 72 units	
Alexis Hotel expansion (1996)	WAMU Tower/Seattle Art Museum: 938,000 sq. ft. office; 281,980 sq. ft. expansion space for museum	
Commuter Building Renovation to create 55,000 sq. ft. office and retail (1999)		
Polson Building—renovation of an 88,000 square foot 6-story into Class B office space with 12,668 square feet of retail space.		
Millenium Tower --181,000 square feet of office space, 8,000 sq. ft. retail space and 20 residential units (2000)		
World Trade Center East (1999) and World Trade Center North (2000) 317,000 sq. ft. office space		
Marriot Hotel 358 rooms (2003)		
Residential Projects		
Post Alley Court 1406 Western Ave; 59 units		
Ross Manor 1420 Western Ave; 100 units		
Waterfront Landings Residential-235 units (3 phases 1997- 1998)		
Harbor Steps Residential – 592 units (Phases I – IV; 1994 --2000)		
BELLTOWN		
Commercial Projects		
Wall Street Office Building --140,000 sq. ft office space; 360 space garage	Skyway Luggage	
3331 Elliott Ave. 187,000 sq. ft. office	Western & Denny Building (on hold) 80,000 sq. ft. office	

RECENT DEVELOPMENT <i>(Projects completed between 1985-2003 or now under construction)</i>	KNOWN PROJECTS <i>(Permit application filed)</i>	POTENTIAL OR RUMORED PROJECTS
Residential Projects		
The Cedars 2615/2619 1 st Ave; 60 units (1989)	Bellora Condos 2716 Elliott Ave. 89 units	2716 Western Ave 161 units
Ellis Court 2516 Western Ave; 58 units (1989)	2100 Western Ave. Bell 44 units	
Oregon Hotel 2310 1 st Ave; rehab. 41 units (1991)	2700 Elliott 107 units	
2300 Elliott 88 units (1991)	2407 1 st Ave 145 unit assisted living	
81 Vine St; 12 units (1991)		
Elliott Pointe 2226 Elliott Ave; 66 units (1992)		
Alexandra 3024 Western Ave; 79 units (1992)		
La Scala Apartments 2922 Western Ave; 137 units (1992)		
Elliott Bay Plaza I 2400 Elliott Ave; 118 units (1993)		
Elliott Bay Plaza II 2415 Western Ave; 115 units (1993)		
Banner Building 2600 Western Ave; 22 units (1994)		
The Factory 2611 Western Ave; 12 units (1994)		
Site 17 2400 Western Ave; 96 units (1998)		
The Concord 2915 1 st Ave; 223 units (1999)		
The Pomeroy 2329 1 st Ave; 48 units (2000)		
Belltown Lofts/Courtyard Building 66 Bell; renovation of 28 units; addition of 28 new units ((2000)		
Site 17 North 2500 Western Ave; 32 units (2000)		
Avalon Belltown 2800 Western 100 units (2001)		
Soffe Building 2717 Western Ave; 139 units ((2001)		
The Versailles 3029 1 st Ave; 40 units		

RECENT DEVELOPMENT <i>(Projects completed between 1985-2003 or now under construction)</i>	KNOWN PROJECTS <i>(Permit application filed)</i>	POTENTIAL OR RUMORED PROJECTS
Ellington Condominiums 2801 1 st Ave; 309 units (2001)		
La Ventana 2100 Western Ave; 33 units (2002)		
Elliott and Clay Condominiums 89 units (2002)		
Olympus 2801 Western Ave. 327 units (2002)		
2721 1 st Ave 85 units (?) built w/ 2716 Western		
The Vine Building 2607 Western Ave; 190 units???		
Other		
Art Institute of Seattle and parking garage	Olympic Sculpture Park	
PIONEER SQUARE		
Commercial Projects		
King Street Center 310,000 sq. ft. office	Stadium Silver Cloud Hotel 1044 4 th Ave S 169,000 sq. ft. 250 rooms	Terminal 46 redevelopment (uses undetermined)
Olympic Block 100 1 st Ave. S; 68,000 sq. ft. office and 14 residential units		Occidental Street Building 150,000 sq. ft. mixed use east side Occidental at Main St.
Pioneer Square Hotel 32 room addition to Best Western's Pioneer Square Hotel (1995)		
Smith Tower Renovation (1999)		
Residential Projects		
Florentine 500 1 st Ave. S., 108 units	Pioneer Sq. CDO project 115 Occidental Ave. S. 20 units	North Kingdome Parking lot site—approx. 500 units
Union Hotel; rehab vacant 204 3 rd Ave. S.; 50 units (1994)	OK Hotel Restoration 212 Alaskan Way; 44 units	
Waterfall Place 215 2 nd Ave. S; 24 units		
The Lofts 210 3 rd Ave. S; 15 units (1994)		
Terry-Denny Building 109 1 st Ave. S; 48 live/work lofts		

RECENT DEVELOPMENT (Projects completed between 1985-2003 or now under construction)	KNOWN PROJECTS (Permit application filed)	POTENTIAL OR RUMORED PROJECTS
rehab of Northern Hotel (2000)		
Corona Hotel 610 2 nd Ave; 20 live/work units (2000)		
Tashiro Kaplan Building 50 live/work units (under const.)		
Luck Hotel 13 units 312 1 st Ave. S; rehab vacant		
State Hotel 2 units 116 1 st Ave. S; rehab vacant		
Other		
Butler Garage (2001)		
DUWAMISH MANUFACTURING/INDUSTRIAL CENTER		
Commercial Projects		
Olympic Cold Storage Building conversion to 75,000 square feet of office and 19,000 square feet of retail space (1999)	801 1 st Ave (WOSCA), a proposal by Martin Smith Real Estate for a 1 million square foot office and retail complex.	
	505 1 st Avenue (83 S. King St.); proposal by Martin Smith Real Estate for 200,000 sq .ft. high-tech office space in a 5- story building.	
Residential Projects		
Prohibited use in industrial areas		
Other		
Safeco Field 45,000 seat baseball stadium; parking for 1,525 vehicles in four level garage (1999)		
Seahawks Stadium (2002)		
Exhibition Hall		

B: Available Development Capacity Under Current Zoning

Zone	Parcel Area in Study	Redevelop- able Area	Existing Units	Zoned Capacity: Additional Units	Existing Commercial Floor Area	Zoned Capacity: Add'l Com'l Floor Area
<i>Portion in Study Area</i>	<i>Square Feet (acres)</i>	<i>Square Feet (acres)</i>	<i>Number Units</i>	<i>Number Units</i>	<i>Square Feet</i>	<i>Square Feet (job est.)</i>
INLAND ZONES						
DH2 55	145,410 (3.3 acres)	7,886 (0.2 acres)	232	9	6,460	13,406 (54 jobs)
DH2 65	214,484 (4.9 acres)	51,199 (1.2 acres)	7	58	775,673	87,038 (348 jobs)
DH2 85	214,147 (4.9 acres)	0	0	0	659,878	0
DMC 160	377,163 (8.7)	95,627 (2.2 acres)	301	109	1,094,967	535,511 (2,142 jobs)
DMC 240	393,025 (9.0 acres)	46,566 (1.1 acres)	617	74	1,560,390	260,770 (1,043 jobs)
DMC 65	278,752 (6.4 acres)	111,852 (2.6 acres)	109	171	857,233	202,680 (811 jobs)
DMR/C 125/65	258,432 (5.9 acres)	93,649 (2.1 acres)	480	221	286,440	63,076 (252 jobs)
DMR/C 85/65	317,443 (13.2 acres)	143,619 (3.3 acres)	599	417	272,060	124,759 (499 jobs)
DMR/R 125/65	573,029 (7.4 acres)	65,905 (1.5 acres)	986	327	167,073	0
DMR/R 85/65	136,500 (3.1 acres)	58,445 (1.3 acres)	512	157	131,857	0
DOC 1	86,929 (2.0 acres)	0	0	0	805,350	0
DOC 2 240	138,516 (3.2 acres)	0	0	0	1,874,004	0
PMM 85	600,149 (13.8 acres)	0	714	0	1,505,126	0
PSM 100	1,127,289 (25.9 acres)	117,829 (2.7 acres)	103	315	3,675,623	400,022 (1,600 jobs)
PSM 100/120	154,854 (3.6 acres)	7,428 (0.2 acres)	303	20	184,791	25,998 (104 jobs)
PSM 85/120	663,658 (15.2 acres)	205,615 (0.6 acres)	116	571	795,681	719,653 (2,879 jobs)

Zone	Parcel Area in Study	Redevelop- able Area	Existing Units	Zoned Capacity: Additional Units	Existing Commercial Floor Area	Zoned Capacity: Add'l Com'l Floor Area
<i>Portion in Study Area</i>	<i>Square Feet (acres)</i>	<i>Square Feet (acres)</i>	<i>Number Units</i>	<i>Number Units</i>	<i>Square Feet</i>	<i>Square Feet (job est.)</i>
IC 65	570,809 (3.1 acres)	311,208 (7.1 acres)	0	0	232,591	466,812 (1,867 jobs)
IG 2 U/85	96,845 (2.2 acres)	96,845 (2.2 acres)	0	0	0	96,845 (387 jobs)
C2 40	31,166 (0.7 acres)	15,834 (0.4 acres)	0	6	77,420	12,677 (51 jobs)
INLAND SUB-TOTAL	(146.4 acres)	1,429,507 (32.8 acres)	5,079	2,455	14,962,617	3,009,237 (12,037 jobs)
SHORELINE AREAS						
UH District DH1	1,387,001 (31.8 acres)	0	0	0*	1,043,345	0**
CM District IC 45	284,997 (6.5 acres)	0	0	0*	280,431	0**
UI District IG 1 U/85	3,982,899 (91.4 acres)	0	0	0*	83,743	0**
SHORELINE SUB-TOTAL	129.7 acres	0	0	0*	1,407,519	0**
GRAND TOTAL	276.1 acres	32.8 acres	5,079	2,455	16,370,136 (38,132 jobs)	3,009,237 (12,037 jobs)

* Residential use not allowed in zone

** Development capacity analysis does not include property under public ownership (Port of Seattle) among sites assumed to be redevelopable.